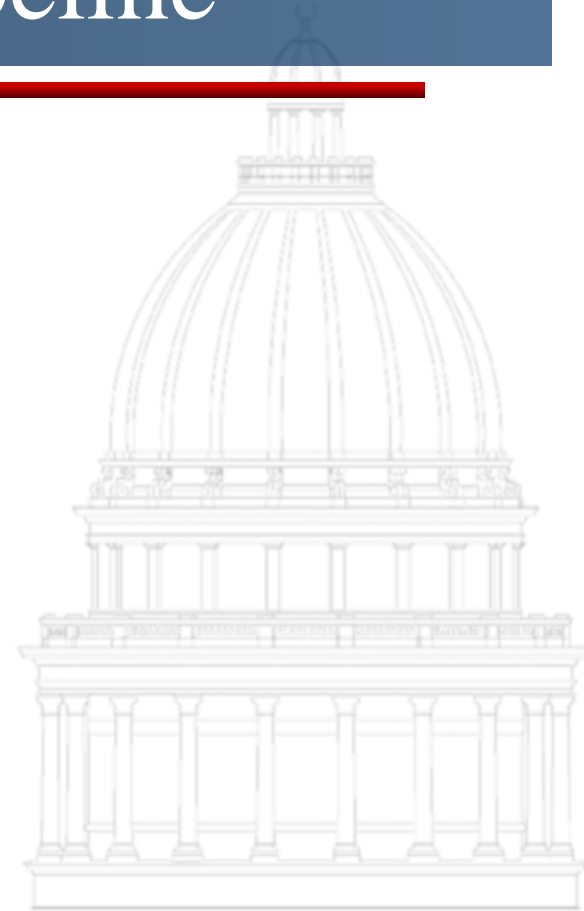


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# Performance Audit of the Repayment Feasibility of the Lake Powell Pipeline

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Utah Legislative Auditor General  
Presentation to the  
Natural Resources, Agriculture, and  
Environment Interim Committee  
October 16, 2019



# 2006 Lake Powell Pipeline Development Act

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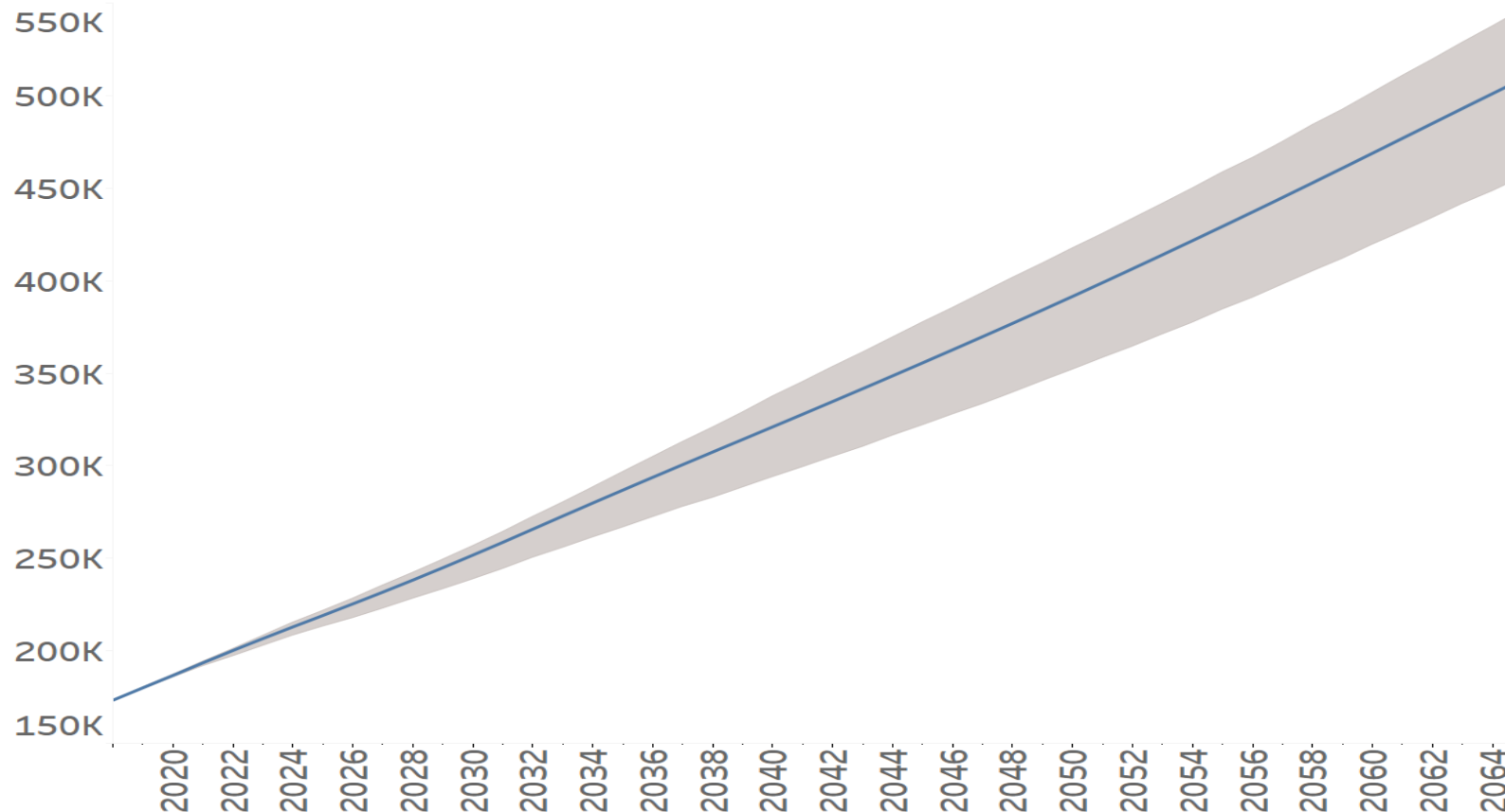
- Authorizes the Board of Water Resources to
  - ◆ Make rules
  - ◆ Build the Lake Powell Pipeline project, as funded by the Legislature
  - ◆ Contract for the sale of developed water and operation of the project

**FOR MORE INFORMATION**

page 1 of report

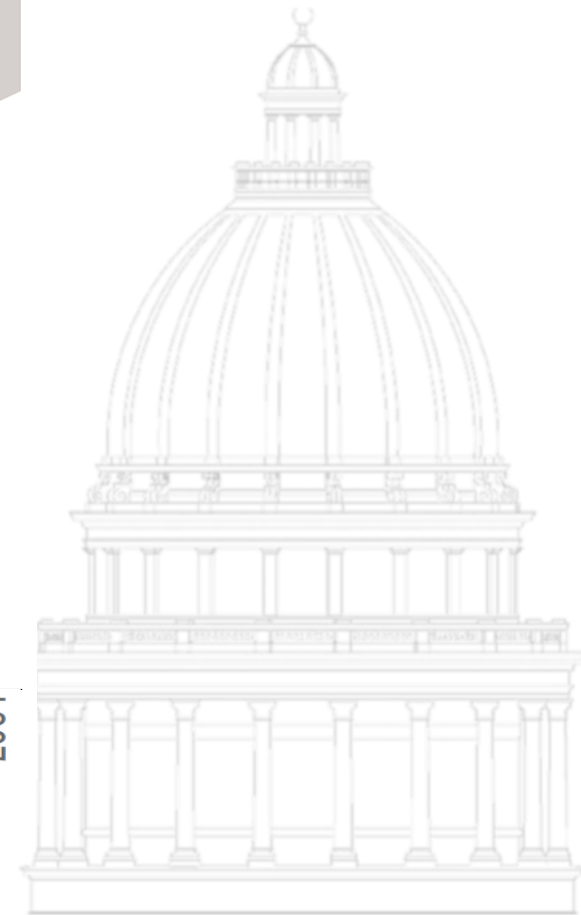


# Population Growth is the Driving Factor For LPP



**FOR MORE INFORMATION**

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# Status of Lake Powell Pipeline

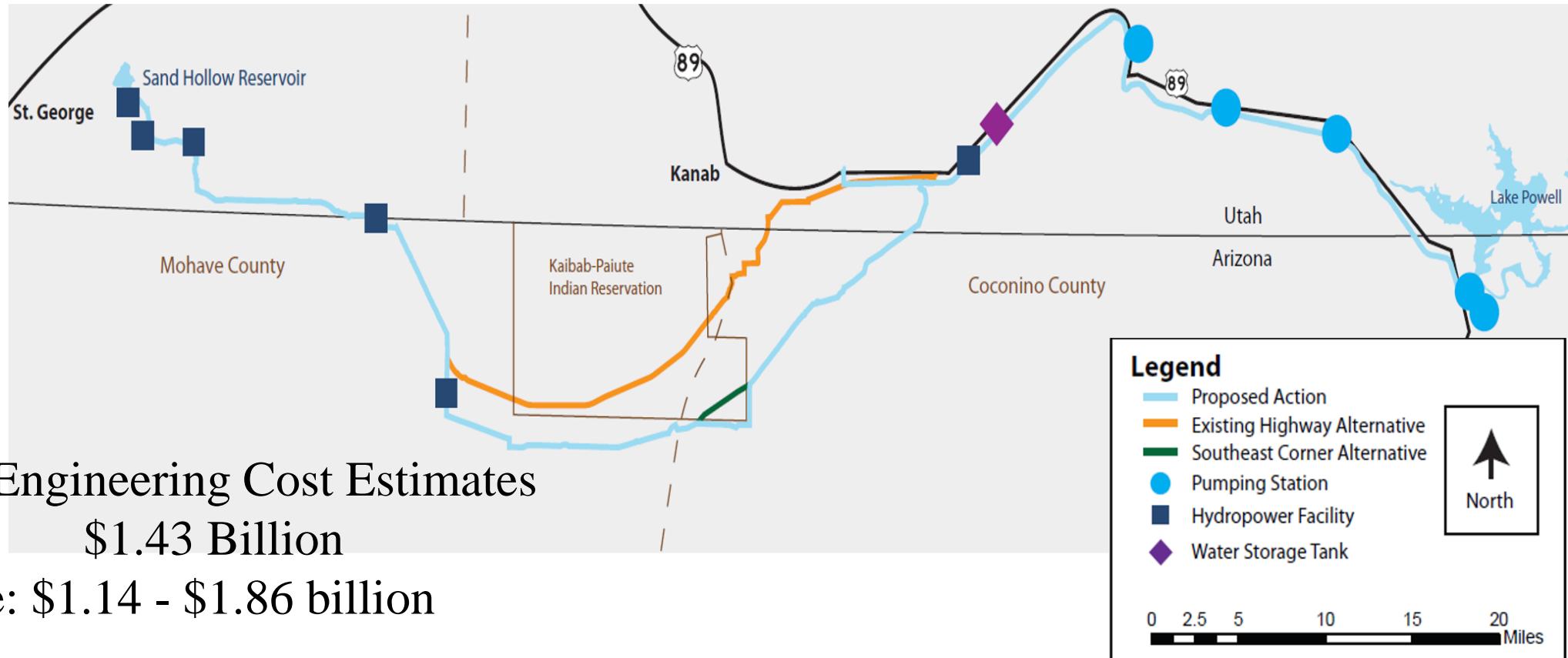
- 2006 Lake Powell Pipeline Dev. Act Passed
- 2007-2017 Research/studies and preliminary design
- 2015 Preliminary license application submitted
- 2017 FERC issues REA
- As of **June 2019** FERC develops draft Environmental Impact Statement (EIS)
- Estimated Fall 2019 FERC releases draft EIS
- Estimated Fall 2020 FERC releases final EIS
- Estimated Late 2020 Records of Decision
- Estimated Late 2020-2022 Project Design
- Estimated 2022-2023 Financing Plan
- Estimated 2023-2028 Start Construction
- Estimated 2028 Earliest Completion Date

**FOR MORE INFORMATION**

**page 3 of report**



# LPP Route and Cost



2015 Engineering Cost Estimates  
\$1.43 Billion

Range: \$1.14 - \$1.86 billion

**FOR MORE INFORMATION**

**page 4 of report**

# Chapter II

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Based on Current Estimates, WCWCD Has the Potential to  
Generate Sufficient Revenue to Repay Pipeline

**FOR MORE INFORMATION**

pages 9 to 26 of report



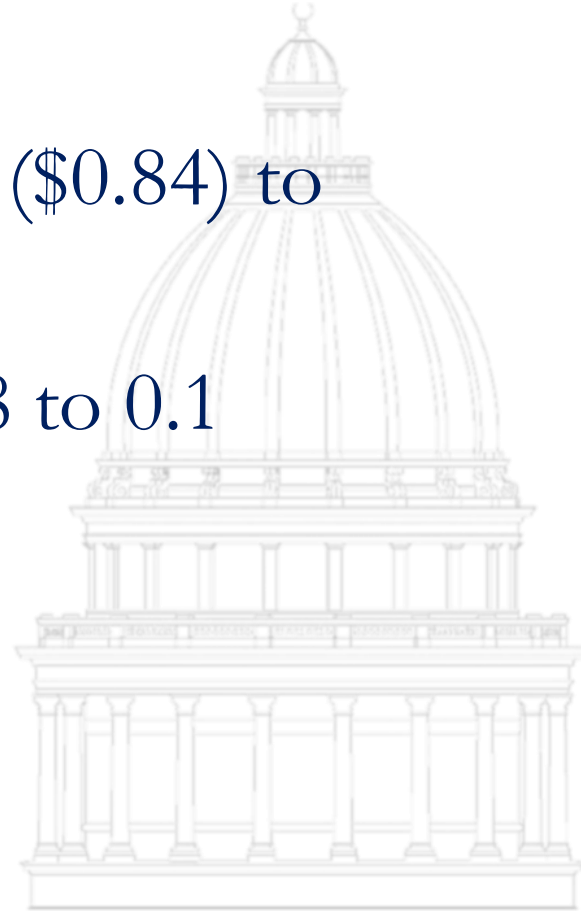
# WCWCD Planned Rate Increases to Pay for Pipeline

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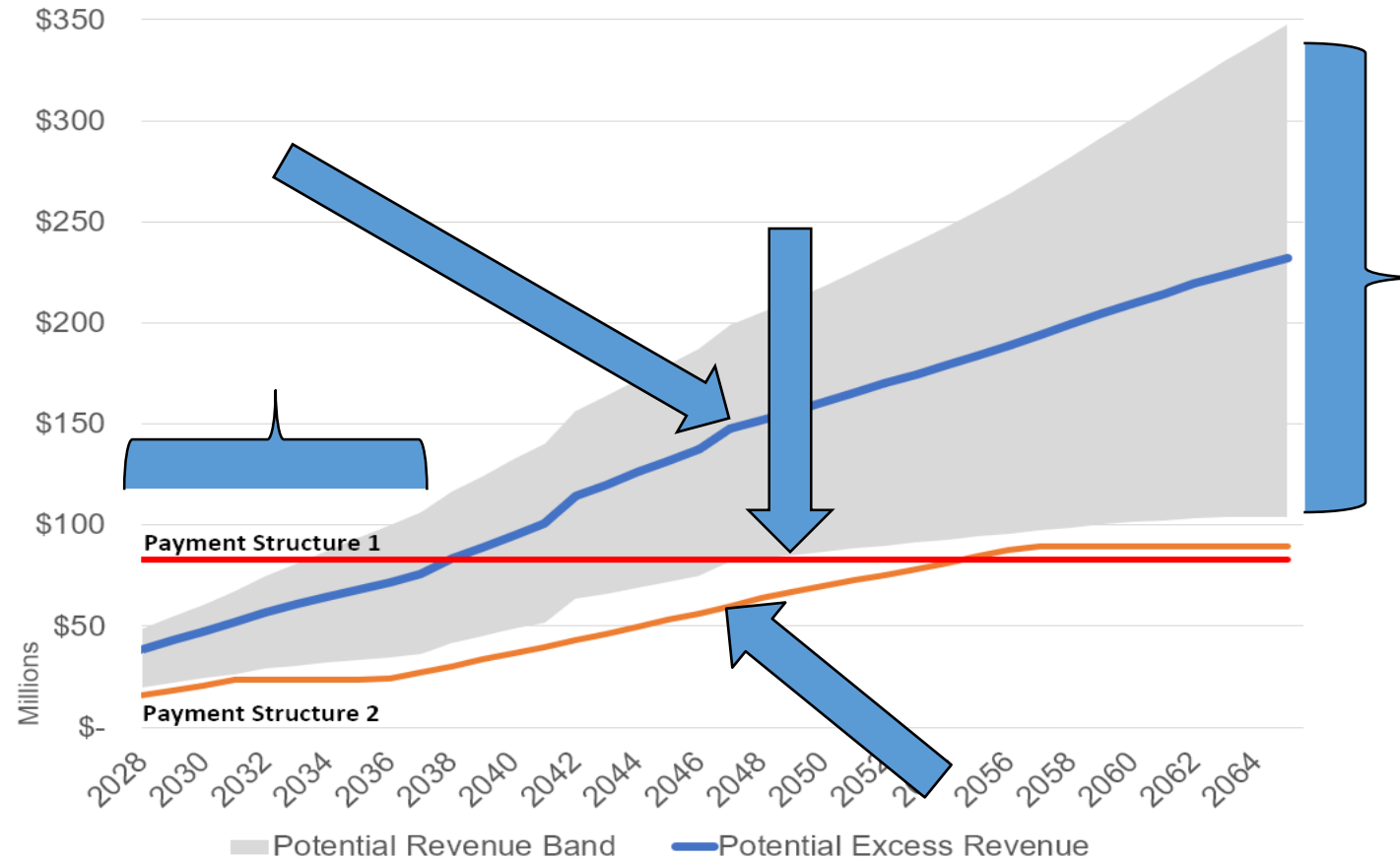
- Impact Fees: increasing \$1,000 annually from 2017 (\$7,417) to 2026 (\$15,448)
- Water Rates: increasing \$0.10 annually from 2016 rate (\$0.84) to \$3.84 per 1,000 gallons
- Property Taxes: increasing from the 2018 rate of .0648 to 0.1 percent by 2025.

**FOR MORE INFORMATION**

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# Yearly Potential Excess WCWCD Revenues

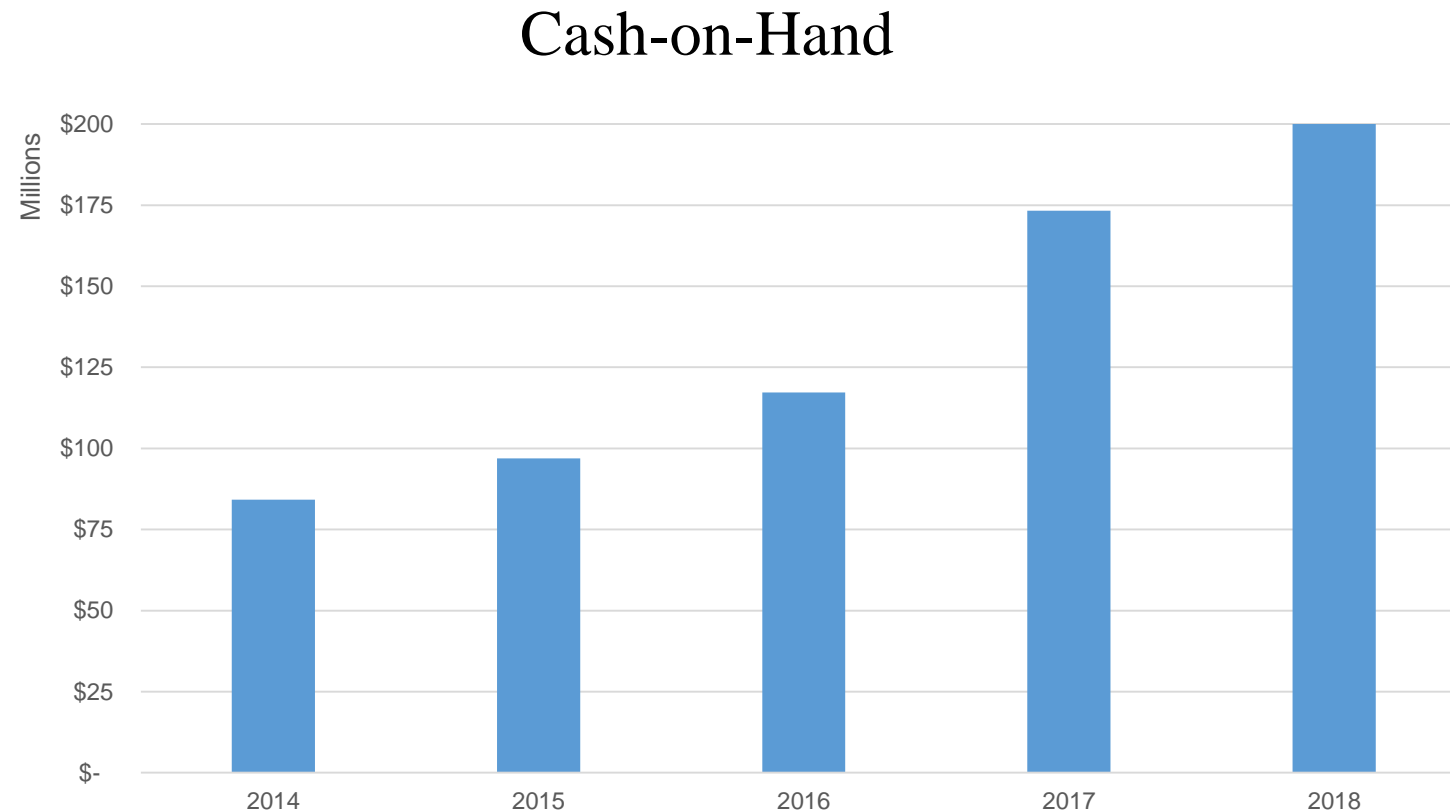


**FOR MORE INFORMATION**

pages 11 and 12 of report

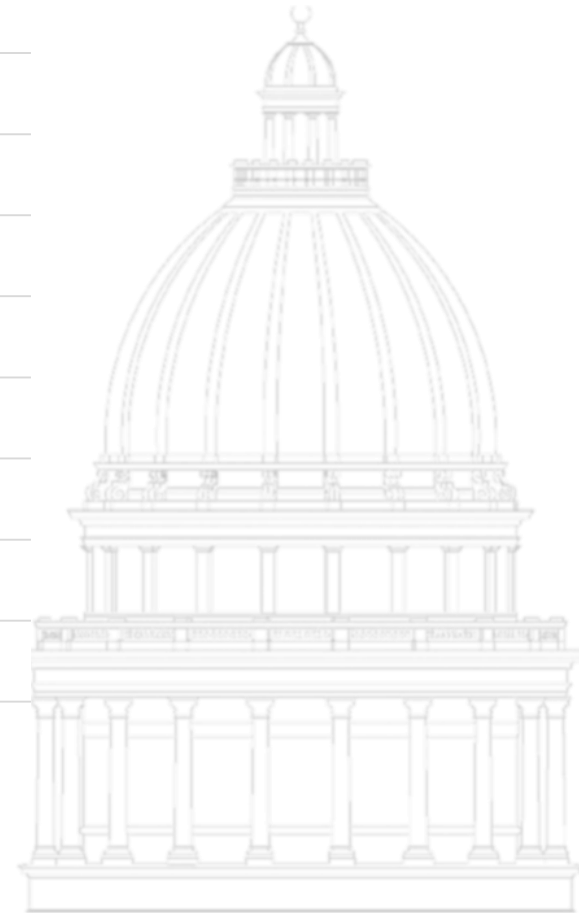


# WCWCD is Building Reserves for LPP



**FOR MORE INFORMATION**

pages 15 and 16 of report



# Chapter III

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## Pipeline Payback Uncertainties Could Have Large Fiscal Implications for the State

**FOR MORE INFORMATION**

pages 27 to 38 of report



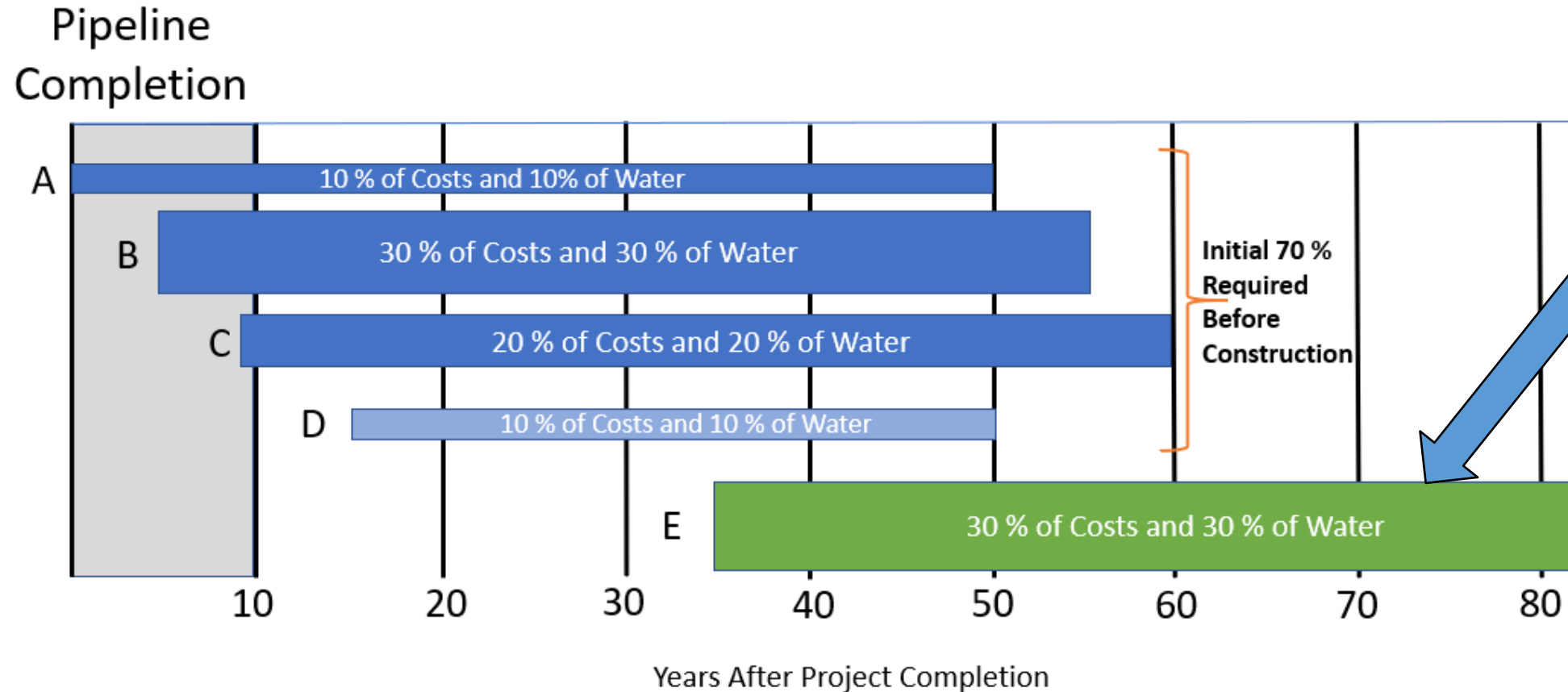
# Statute Does not Require State Bonding Costs be Repaid

Hypothetical Repayment Plan	Terms of Repayment	Principal Repaid by District	State Interest Revenue	Sum of Repayments to State
<u>1</u>	A. Original bond amount B. State's financing costs C. 3% interest charged district	\$2.4 billion	\$2.2 billion	\$4.6 billion
<u>2</u>	A. Original bond amount C. 3% interest charged district	\$1.8 billion	\$1.6 billion	\$3.4 billion
<u>3</u>	A. Original bond amount B. State's financing costs	\$2.4 billion	\$0	\$2.4 billion

**FOR MORE INFORMATION**

pages 28 to 31 of report

# Statute is Unclear How Costs Are to Be Divided Among Multiple Repayment Contracts



**FOR MORE INFORMATION**

pages 32 to 34 of report

# Viabile Financing Options Being Considered

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- Water Infrastructure Restricted Account (WIRA)
- Water Infrastructure Finance and Innovation Act (WIFIA)
- Individual district bonding

**FOR MORE INFORMATION**

pages 36 to 38 of report



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